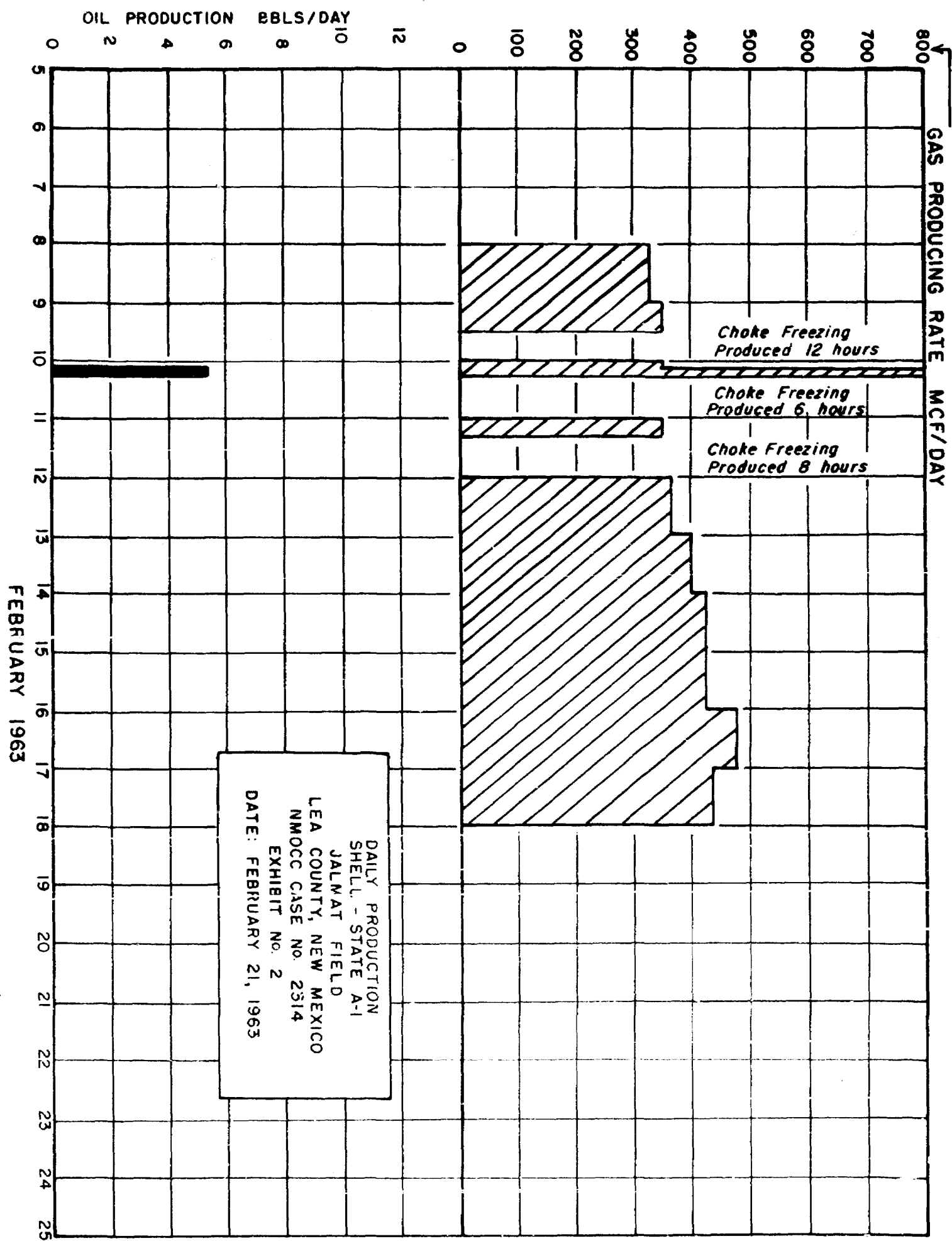


CASE 2765: Application of PERRY R.
BASS for an unorthodox gas well
location.

2575

plication, Transcript,
and Exhibits, Etc.



El Paso Natural Gas Company

El Paso, Texas

February 13, 1963

Oil Conservation Commission
State of New Mexico
Post Office Box 871
Santa Fe, New Mexico

Re: Proposed Morrow Well, Section 28,
Township 19 South, Range 32 East,
N. M. P. M., Lea County, New
Mexico

Gentlemen:

El Paso Natural Gas Company has no objection to the drilling of the proposed Morrow test well at a location 1980 feet from the north line and 660 feet from the west line of section 28, Township 19 South, Range 32 East, N. M. P. M., Lea County, New Mexico.

Very truly yours,

EL PASO NATURAL GAS COMPANY

ORIGINAL SIGNED

SAM SMITH

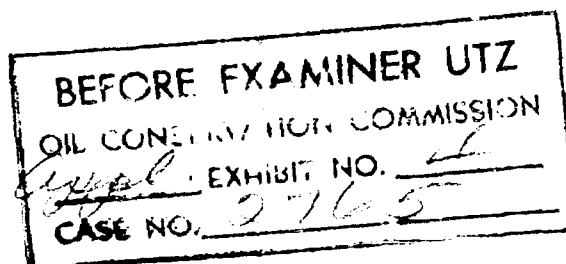
Sam Smith

Manager

Land Department

SS:JH:bp

cc: Richardson & Bass
Fort Worth National Bank Building
Fort Worth, Texas
Attention: Mr. Howard W. Jennings



COPY

DRAFT

JMD/esr
2-22-63

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
COMMISSION OF NEW MEXICO FOR
THE PURPOSE OF CONSIDERING:

CASE No. 2765

Order No. R-2436

APPLICATION OF PERRY R. BASS
FOR AN UNORTHODOX GAS WELL
LOCATION, LEA COUNTY, NEW
MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on February 21, 1963, at Santa Fe, New Mexico, before Elvis A. Utz, Examiner duly appointed by the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission," in accordance with Rule 1214 of the Commission Rules and Regulations.

NOW, on this day of February, 1963, the Commission, a quorum being present, having considered the application, the evidence adduced, and the recommendations of the Examiner, Elvis A. Utz, and being fully advised in the premises,

FINDS:

(1) That due public notice having been given as required by law, the Commission has jurisdiction of this cause and the subject matter thereof.

(2) That the applicant, Perry R. Bass, is the operator of the Plains Unit ~~Agreement~~ ^{in part} which comprises Section 28, Township 19 South, Range 32 East, NMPM, Lea County, New Mexico.

(3) That the applicant seeks an exception to the Special Rules and Regulations governing the Lusk-Morrow Gas Pool in order to drill a gas well at an unorthodox location 1980 feet from the North line and 660 feet from the West line of Section 28, Township 19 South, Range 32 East.

(4) That the application should be approved in order to prevent drainage of the west portion of Section 28, Township 19 South, Range 32 East by an offsetting well located 1980 feet from the North line and 660 feet from the East line of Section 29, Township 19 South, Range 32 East.

(5) That approval of the application will protect the applicant's correlative rights and will not impair the correlative rights of other operators.

(6) That approval of the application will not cause waste.

IT IS THEREFORE ORDERED:

(1) That the applicant, Perry R. Bass, is hereby granted an exception to the *well location requirements of the* Special Rules and Regulations governing the Lusk-Morrow Gas Pool and is hereby authorized to drill a Lusk-Morrow gas well at an unorthodox location 1980 feet from the North line and 660 feet from the West line of Section 28, Township 19 South, Range 32 East, NMPM, Lea County, New Mexico.

(2) That jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

JACK M. CAMPBELL, Chairman

E. S. WALKER, Member

A. L. PORTER, Jr., Member & Secretary

MAIN OFFICE *El Paso Natural Gas Company*

1963 FEB 14 PM 1:36

El Paso, Texas

February 13, 1963

Oil Conservation Commission
State of New Mexico
Post Office Box 871
Santa Fe, New Mexico

Re: Proposed Morrow Well, Section 28,
Township 19 South, Range 32 East,
N. M. P. M., Lea County, New
Mexico

Gentlemen:

El Paso Natural Gas Company has no objection to the drilling of the proposed Morrow test well at a location 1980 feet from the north line and 660 feet from the west line of section 28, Township 19 South, Range 32 East, N. M. P. M., Lea County, New Mexico.

Very truly yours,

EL PASO NATURAL GAS COMPANY

Sam Smith
Sam Smith
Manager
Land Department

SS:JH:bp

cc: Richardson & Bass
Fort Worth National Bank Building
Fort Worth, Texas
Attention: Mr. Howard W. Jennings

February 7, 1963

Mr. A. L. Porter, Jr.
Secretary-Director
New Mexico Oil Conservation Commission
Box 871
Santa Fe, New Mexico

Dear Sir:

We respectfully request an exception to the Special Rules and Regulations for the Lusk-Morrow Gas Pool to permit the drilling of a gas well 1980 feet from the North line and 660 feet from the West line of Section 28, Township 19 South, Range 32 East.

Very truly yours,

PERRY R. BASS

By: 

Howard Bratton
Hervey, Dow & Hinkle
Post Office Box 10
Roswell, New Mexico

Case 2765

Heard 2-21-63

Rec. 2-27-63

1. Grant Perry R. Base an unorthodox location in the Luke-Morrow Gas Pool for ~~there~~ a Plains unit well to be drilled 1800/N and 660/W of Sec. 28 19S-32E.

2. Grant this only for the purpose of preventing drilling from the Plains unit because of Ed Pond well which is located 660 from the East line of sec. 29. ~~At a~~ 660 feet.

Trust. R.
This Pool is a flagrant example of 660 acre ~~spacing~~ units and 160 acre spacing.

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
COMMISSION OF NEW MEXICO FOR
THE PURPOSE OF CONSIDERING:

CASE No. 2765
Order No. R-2436

APPLICATION OF PERRY R. BASS
FOR AN UNORTHODOX GAS WELL
LOCATION, LEA COUNTY, NEW
MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on February 21, 1963, at Santa Fe, New Mexico, before Elvis A. Utz, Examiner duly appointed by the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission," in accordance with Rule 1214 of the Commission Rules and Regulations.

NOW, on this 27th day of February, 1963, the Commission, a quorum being present, having considered the application, the evidence adduced, and the recommendations of the Examiner, Elvis A. Utz, and being fully advised in the premises,

FINDS:

(1) That due public notice having been given as required by law, the Commission has jurisdiction of this cause and the subject matter thereof.

(2) That the applicant, Perry R. Bass, is the operator of the Plains Unit which comprises in part Section 28, Township 19 South, Range 32 East, NMPM, Lea County, New Mexico.

(3) That the applicant seeks an exception to the Special Rules and Regulations governing the Lusk-Morrow Gas Pool in order to drill a gas well at an unorthodox location 1980 feet from the North line and 660 feet from the West line of Section 28, Township 19 South, Range 32 East.

(4) That the application should be approved in order to prevent drainage of the west portion of Section 28, Township 19 South, Range 32 East by an offsetting well located 1980 feet from the North line and 660 feet from the East line of Section 29, Township 19 South, Range 32 East.

(5) That approval of the application will protect the applicant's correlative rights and will not impair the correlative rights of other operators.

-2-

CASE No. 2765
Order No. R-2436

(6) That approval of the application will not cause waste.

IT IS THEREFORE ORDERED:

(1) That the applicant, Perry R. Bass, is hereby granted an exception to the well location requirements of the Special Rules and Regulations governing the Lusk-Morrow Gas Pool and is hereby authorized to drill a Lusk-Morrow gas well at an unorthodox location 1980 feet from the North line and 660 feet from the West line of Section 28, Township 19 South, Range 32 East, NMPM, Lea County, New Mexico.

(2) That jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

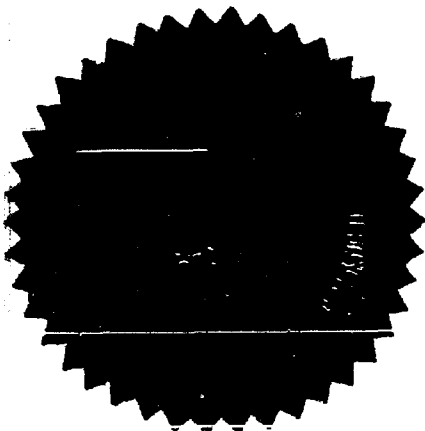
DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

Jack M. Campbell
JACK M. CAMPBELL, Chairman

E. S. Walker
E. S. WALKER, Member

A. L. Porter, Jr.
A. L. PORTER, Jr., Member & Secretary



Memo

From

A. L. PORTER, JR.
SECRETARY-DIRECTOR

To

1117 Federal
21st St. N.W.

Order Mailed

3/7/63

AL

GOVERNOR
JACK M. CAMPBELL
CHAIRMAN

State of New Mexico
Oil Conservation Commission



LAND COMMISSIONER
E. S. JOHNNY WALKER
MEMBER

P. O. BOX 871
SANTA FE

STATE GEOLOGIST
A. L. PORTER, JR.
SECRETARY - DIRECTOR

February 27, 1963

Mr. Howard Bratton
Harvey, Dow & Hinkle
Attorneys at Law
Box 10
Roswell, New Mexico

Re: Case No. 2756 & 2765
Order No. R-2433 & R-2436
Applicant:
Humble Oil & Refining Company
Perry R. Bass

Dear Sir:

Enclosed herewith are two copies of the above-referenced Commission order recently entered in the subject case.

Very truly yours,

A handwritten signature in cursive script, reading "A. L. Porter, Jr.", is written over the typed name.

A. L. PORTER, Jr.
Secretary-Director

ir/

Carbon copy of order also sent to:

Hobbs OCC X

Artesia OCC

Astec OCC

OTHER Mr. Jason Kellahin (Case 2756)

DEARNLEY-MEIER REPORTING SERVICE, Inc.

FARMINGTON, N. M.,
PHONE 325-1182

SANTA FE, N. M.,
PHONE 983-3971

ALBUQUERQUE, N. M.,
PHONE 243-6601

BEFORE THE
OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
February 21, 1963

IN THE MATTER OF:)
)

Application of Perry R. Bass for)
an unorthodox gas well location,)
Lea County, New Mexico.)
-----)

Case No. 2765

BEFORE:

Elvis A. Utz, Examiner.
A. L. "Pete" Porter

TRANSCRIPT OF HEARING

MR. UTZ: We will now take Case No. 2765.

MR. DURRETT: Application of Perry R. Bass for an
unorthodox gas well location, Lea County, New Mexico.

MR. BRATTON: I am Howard Bratton, appearing on behalf
of the applicant. We have one witness, Mr. Floyd Acklin.

(Witness sworn.)

MR. UTZ: Are there any other appearances in this
case? You may proceed.

F L O Y D A C K L I N

called as a witness, having been first duly sworn, testified
as follows:

DIRECT EXAMINATION

BY MR. BRATTON:

DEARNLEY-MEIER REPORTING SERVICE, Inc.

FARMINGTON, N. M.
PHONE 325.1162

SANTA FE, N. M.
PHONE 983.3971

ALBUQUERQUE, N. M.
PHONE 243.6691

Q Will you state your name, by whom you are employed, and in what capacity?

A Floyd Acklin, for the Perry Oil and Gas, Chief Gas Engineer, Fort Worth, Texas.

Q Have you previously testified before this Commission as an expert witness?

A I have.

Q Are you familiar with the area in question in this case?

A He is applying for exception to the Lusk Deep Unit.

Q Being an exception to what?

A Spacing of the Lusk Unit.

Q Spacing of the Lusk-Morrow Gas Pool?

A Yes.

Q The Rules of that pool call for 640-spacing, is that correct?

A That is correct.

Q This calls for location of the well in the interior of 40-acre tracts, is that correct?

A Interior 40 of the center of the section.

Q And in this case, he is applying for permission to drill 660 feet from the West line of Section 28, is that correct?

A That is correct.

Q The Lusk-Morrow Gas Pool includes Section 29, so that your proposed well would be governed by those pool rules, is

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SANTA FE, N. M.
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ALBUQUERQUE, N. M.
PHONE 243-6691

that correct?

A That is correct.

Q Therefore, the necessity for the exception. I refer to what has been marked Exhibit No. 1, Mr. Acklin, is that a map of the area in question?

A Yes, it is.

Q Now, are all of the wells that are completed in the Morrow shown in the big red circles?

A That is correct.

Q And the proposed location of your well in Section 28 is also noted on there, is that correct?

A Right.

Q Now, are any of the Morrow wells completed in accordance with the location requirements of the Lusk-Morrow Gas Pool?

A No.

Q In other words, all of them are unorthodoxed locations?

A That is correct.

Q The well in Section 29 is located 660 feet from the East line of Section 29, is that correct?

A That is correct.

Q So it is 660 feet from your lease boundary?

A Yes.

Q All you want to do is locate it 660 feet away from the lease line so you will be equal distance?

A Right.

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SANTA FE, N. M.
PHONE 983-3971

ALBUQUERQUE, N. M.
PHONE 243-6691

Q Does Exhibit 1 show the contours of the Lusk-Morrow Pool? Is that an isopach?

A That is an isopach map.

Q It shows that you would be in the same pool?

A Yes, sir.

Q Now, this will be a unit well, will it not, the Plains Unit?

A Right.

Q And you already have one well completed in the Morrow in Section 27?

A That is correct.

Q And that is completed 660 feet from the West line of that Section, is that correct?

A Right.

Q Now, I take it then, Mr. Acklin, that you are merely seeking to protect your correlative rights, to protect the drainage in this case, is that correct?

A That is correct.

Q Do Exhibits No. 2 and 3 reflect the drainage patterns?

A Those are set up for 660-acre drainage.

Q What does Exhibit No. 2 reflect, Mr. Acklin?

A It reflects the drainage around the El Paso Well in Section 29, showing the drainage they would receive from their leases and also from ours.

Q In other words, drawing a perfect circle around the

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FARMINGTON, N. M.
PHONE 323-1182

SANTA FE, N. M.
PHONE 983-3971

ALBUQUERQUE, N. M.
PHONE 243-6091

well, that well would be draining a net 227 acres, I believe it is, over into your lease?

A Right.

Q Now, what does Exhibit No. 3 show?

A Exhibit 3 shows the nearest location we could locate under the rules of the Lusk Unit, and shows the drainage around that location.

Q In other words, if you were to make a standard location, the drainage pattern around your well would be as shown on Exhibit 3?

A That is correct.

Q So that your well would be draining approximately 70 acres over into the El Paso area?

A Correct.

Q If the location requested is granted, you would be equal distance from the line, is that correct?

A Right.

Q Therefore, drainage would be equal?

A Yes.

Q So any drainage would be balanced by counter drainage?

A Right.

Q Have you estimated roughly what the percentage of drainage from your area would be, if you are forced to use a standard location?

A We estimate we would lose approximately 25 per cent

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SANTA FE, N. M.
PHONE 983-3971

ALBUQUERQUE, N. M.
PHONE 243-6691

of the reserves.

Q Now, Mr. Acklin, El Paso is the operator of the well in Section 29, is that correct?

A That is correct.

Q They would be the offset operator?

A Yes.

Q And have they advised this Commission that they have no objection to the application in this case?

A According to the letter we have received, that is correct.

MR. BRATTON: Mr. Examiner, do you have the original of that letter in your files?

MR. UTZ: All we have is your application.

MR. BRATTON: I will ask that a copy of the letter from El Paso be marked as Exhibit 4.

(Exhibit 4 was marked by the reporter.)

Q Is that a copy of a letter which you received from El Paso Natural Gas Company, indicating no objection to the application?

A Yes.

Q If you are permitted to move to the 660-foot location, would that result in any waste in the east part of your section, Mr. Acklin?

A No, sir, due to the well over in the other section.

Q Due to your well in Section 27, you will get drainage

of the area?

A Yes.

Q Is there anything further you care to state in connection with this matter?

A I believe not.

Q Exhibits 1 through 3 were prepared by you or under your supervision?

A Yes, sir.

MR. BRATTON: We offer into evidence Applicant's Exhibits 1 through 4.

MR. UTZ: Without objection, Exhibits 1 through 4 will be entered into the record.

CROSS EXAMINATION

BY MR. UTZ:

Q Mr. Acklin, what is shown on Pan American Plains No. 1, did I hear you say that is your well now?

A It was drilled in our unit, yes, sir.

Q So it is a unit well then?

A Yes, sir, that is correct.

Q Now, is Section 28 in the Plains Unit?

A Yes, sir, it is, Plains Unit and Musk Unit of the same common line.

Q So the reason you want to drill over is to protect your drainage from the unit rather than the drainage from Section 28?

DEARNLEY-MEIER REPORTING SERVICE, Inc.

FARMINGTON, N. M.
PHONE 325-1112

SANTA FE, N. M.
PHONE 983-3971

ALBUQUERQUE, N. M.
PHONE 243-6691

DEARNLEY-MEIER REPORTING SERVICE, Inc.

FARMINGTON, N. M.
PHONE 325-1182

SANTA FE, N. M.
PHONE 983-3571

ALBUQUERQUE, N. M.
PHONE 243-6551

A Yes, sir.

Q The fact that the El Paso Well is a pretty good well has no influence on your decision in moving over there 660 feet from the West line of Section 28?

A No, sir, it is just strictly an equity deal. It is due to equity.

Q The fact that 18,000 MCF well against 14,626 on the other side has no influence on your decision?

A No, sir, just equity.

Q I am wondering about these drainage patterns here. Do you feel that the Plains Unit No. 1 Well will properly drain portions of Section 28?

A Yes, sir, I believe it will.

Q Even though it is a small well?

A Yes, sir.

Q 640-acre spacing and two wells only 1320 feet apart, in your opinion, is that going to create quite a substantial low pressure area across those section lines?

A No, sir, I don't believe so. I think the take will be based equally and protect that.

Q In other words, they will set close to each other and fight it out?

A Yes, sir.

MR. UTZ: Are there any other questions of this witness?

MR. DURRETT: Yes, sir, I have one question.

BY MR. DURRETT:

Q Mr. Acklin, I call your attention to the fact that the newspaper, in preparing the ad for this case, apparently made a mistake and listed the location as 66 feet from the West Line, and in connection with that, let me ask you this question-- in fact, 66 feet from the West Line would be more of a deviation in the rules than the outcome of your proposed location of 660 feet?

A That is correct.

MR. UTZ: Any other questions?

MR. BRATTON: Yes, sir, we would request one question.

REDIRECT EXAMINATION

BY MR. BRATTON:

Q Mr. Acklin, has the USGS demanded that you protect the Plains Unit from drainage in this situation?

A Yes, they have.

MR. BRATTON: I believe that is all.

RECROSS EXAMINATION

BY MR. UTZ:

Q What type of acreage is Section 29?

A It is Federal.

MR. UTZ: I am wondering why the applicant in the original case thought he had any need for location rules such as proposed since everything is 660 anyway?

DEARNLEY-MEIER REPORTING SERVICE, Inc.

FARMINGTON, N. M.
PHONE 325-1182

SANTA FE, N. M.
PHONE 983-3971

ALBUQUERQUE, N. M.
PHONE 243-6691

MR. DURRETT: In other words, the exception seems to be the rule.

MR. BRATTON: We will reframe our application, Mr. Examiner. We just wanted to comply with the rules in the pool.

MR. DURRETT: By the exception?

MR. BRATTON: Yes, sir.

MR. UTZ: The witness may be excused. If there are no further questions, the case will be taken under advisement.

DARNLEY-MEIER REPORTING SERVICE, Inc.

FARMINGTON, N. H.
PHONE 325-1182

SANTA FE, N. M.
PHONE 983-3971

ALBUQUERQUE, N. M.
PHONE 243-6651

STATE OF NEW MEXICO)
COUNTY OF BERNALILLO) ss

I, ELAINE J. BUCHANAN, Court Reporter, do hereby certify that the foregoing and attached transcript of hearing before the New Mexico Oil Conservation Commission at Santa Fe, New Mexico, is a true and correct record to the best of my knowledge, skill and ability.

IN WITNESS WHEREOF I have affixed my hand and notarial seal this 10th day of April, 1963.

Elaine J. Buchanan
NOTARY PUBLIC

My Commission Expires:
October 14, 1966.

DEARNLEY-MEIER REPORTING SERVICE, Inc.

FARMINGTON, N. M.
PHONE 325-1182

SANTA FE, N. M.
PHONE 983-3571

ALBUQUERQUE, N. M.
PHONE 243-6551

DEARNLEY-MEIER REPORTING SERVICE, Inc.

FARMINGTON, N. M.
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SANTA FE, N. M.
PHONE 983.3971

ALBUQUERQUE, N. M.
PHONE 243.6591

I N D E X

WITNESS

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FLOYD ACKLIN

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Redirect Examination by Mr. Bratton	10
Recross Examination by Mr. Utz	10

EXHIBITS

<u>NUMBER</u>	<u>MARKED FOR IDENTIFICATION</u>	<u>OFFERED</u>	<u>ADMITTED</u>
#1	4	8	8
#2	5	8	8
#3	5	8	8
#4	7	8	8

I do hereby certify that the foregoing is
a true and correct copy of the original
deposition of FLOYD ACKLIN taken on
the 21st day of February, 1963, at
Albuquerque, New Mexico, before me,
Shirley A. [Signature], Examiner
New Mexico State Bar Association